

Washington - At a hearing today in the House Judiciary Subcommittee on Commercial and Administrative Law (CAL), a working single mother joined bankruptcy and employment experts to testify about the corporate practice of awarding extravagant compensation packages to senior executives while their companies are reorganizing under Chapter 11 bankruptcy protection.

Subcommittee Chairwoman Linda Sánchez called the hearing to examine the effect of corporations rewarding executives while slashing jobs and employee health and retirement benefits. Witnesses told the panel of several instances of this practice, including the case of United Airlines, which awarded CEO Glenn Tilton with a \$39.7 million package after the airline emerged from three years of Chapter 11 bankruptcy protection that was financed, in part, by slashing salaries and pensions for 120,000 employees.

“Chapter 11 protection was enacted to give all participants an equal say in how a business, struggling to overcome financial difficulties, should reorganize,” said Chairwoman Sánchez. “We see the unfortunate reality, however, in the numerous Chapter 11 cases in which senior executives receive outrageously large compensation packages while - and indeed because - they simultaneously slash wages, benefits, and even jobs of their workers.”

Antoinette Muoneke, a United flight attendant for 28 years, conveyed her experience as a working mother who, like other airline employees, agreed to dramatic salary and benefit cuts during the airline’s bankruptcy struggles.

“We made painful concessions that affected our families, threatened our children’s opportunities, decreased our ability to afford healthcare and destroyed retirement security,” said Ms. Muoneke, who testified that she had to increase her workload and time away from her daughter by 40 percent to make ends meet. “We made these sacrifices for the long-term viability of the companies we worked so hard to build and hope will continue to succeed.”

United Airlines CEO Glenn Tilton declined an invitation by the CAL Subcommittee to offer his testimony.

“Workers in Chapter 11 cases across a wide range of industries are paying an enormous price under threats that their labor agreements will be rejected, their jobs will be outsourced and retirement security threatened,” said Damon A. Silvers, Associate General Counsel for the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). “Meanwhile, company executives and management move quickly to secure their own agreements & with new, lucrative programs that insulate them from the economic dislocation of the company.”

“Airline Executives were well paid before the bankruptcy and I don’t begrudge them fair compensation,” said Ms. Muoneke. “But explain to me this, Madame Chairperson, how is it that their pay can skyrocket while the average worker is made to suffer like this? If your answer is that it’s because the law allows it, then it’s time to change the law.”